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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

TARIFFS

New Delhi, the 9th December 1953

No. 8(10)-T.B./52.—The Tariff Commission has submitted its Report on the Titanium Dioxide Industry on the basis of an enquiry under Section 11 read with Section 14 of the Tariff Commission Act, 1951. The Commission considers that the chief obstacle in the way of the speedy development of the industry is the comparative smallness of the internal demand. It is, therefore, extremely important to take steps to enlarge the volume of demand and for this purpose the Commission has recommended that—

- (1) the Travancore Titanium Products Limited should maintain their selling price of titanium pigments at or below Rs. 140 per cwt. for anatase and Rs. 154 per cwt. for rutile. In order to enable the company to reduce the price to the above level a subsidy of Rs. 300 per ton on sales of titanium dioxide of both types should be paid to the company subject to a maximum of Rs. 2,70,000 per annum and this scheme should remain in force until the 31st December 1954. A review of the case should be undertaken by the Commission before the end of 1954;
- (2) a surcharge of Rs. 2 per ton on export of ilmenite should be levied and the subsidy referred to at (1) above should be paid from the amount so realised;
- (3) refund of customs duty on titanium tetrachloride used by the company as raw material in the manufacture of rutile type of titanium pigments should be made.

2. Government agree with the Commission about the need to increase the consumption of titanium dioxide in the country. The recommendations of the Commission regarding the grant of a subsidy to the Indian Company do not, however need to be implemented at present because the company has since received a large export order which is expected to enable it to maintain economic production even without a subsidy. Further, as the industry proposes to confine its production to the anatase type of titanium pigment, no relief regarding the import duty on titanium tetrachloride would be needed by it.

3. Regarding the grant of protection Government accept the Commission's recommendations that the industry should be given protection up to the 31st December 1954 in the first instance and that a protective duty at the existing preferential rate of 25.2% *ad valorem* should be imposed on titanium dioxide. The standard rate will be fixed in accordance with the terms of the Indo-U.K. Trade Agreement, 1939.

4. Other recommendations made by the Commission are:

- (a) The Travancore-Cochin State Government should supply ilmenite to the Company after recovering from them only the "basic charge" for processing the sands;
- (b) The Travancore-Cochin State Government should take steps to reduce the cost at which sulphuric acid is being supplied to the Company by the Fertilizers and Chemicals (Travancore) Limited, Alwaye;
- (c) The cost of production of sulphuric acid in India should be examined and if necessary, suitable action should be taken under the Industries (Development and Regulation) Act to maintain the prices of this essential material at a reasonable level;
- (d) Statistics relating to imports of titanium dioxide should be maintained separately by Collectors of Customs and the Director General of Commercial Intelligence;
- (e) The National Chemical Laboratory, Poona, should continue its research work relating to the production of titanium dioxide by the hydrolysis of titanium tetrachloride under controlled conditions, determine the operating details and establish the economic advantages of the process with a view to the utilisation of a large quantity of chlorine and the conservation of sulphuric acid;
- (f) Adequate supplies of blanc-fixe or similar extenders should be ensured to all users of titanium dioxide who are in need of such extenders;
- (g) Imports of the special type of titanium pigment required by manufacturers of vitreous enamelware should be permitted to the extent of their actual requirements;
- (h) The Indian Standards Institution should be requested to complete the work of providing paint formulations requiring the inclusion of titanium pigments;
- (i) The practice of purchasing paints by weight and not by volume should be changed by the joint efforts of the concerned trade associations. Government should bring together the various interests concerned with a view to securing the general acceptance of the practice of sale of paints by volume;
- (j) The Travancore Titanium Products Limited should maintain its own selling organisation at the major consuming centres in the country and provide facilities for technical advice by appointing qualified men at such centres;
- (k) Every endeavour should be made by the Company to effect economies in operating costs under all possible heads.

5. Government will take suitable steps to help in the implementation of these recommendations as far as possible. They take this opportunity of drawing the attention of the industry to recommendations (j) and (k) in the preceding paragraph regarding the steps to be taken by them to reduce costs and popularise the use of titanium dioxide in the country.

L. K. JHA, Joint Secy.